

News Release

For Immediate Release

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New Payment Eligibility and Limitation Provisions in 2008 Farm Bill

Bozeman, MT – The 2008 Farm Bill provides changes to the payment eligibility, payment limitation, and adjusted gross income (AGI) for USDA Farm Service Agency (FSA) program benefits. For 2008 the current rules for payment eligibility, payment limitation, and AGI remain the same. The majority of the changes will be implemented for the 2009 and subsequent program years.

Some of the changes for 2009 are:

- An individual or entity is limited to \$40,000 for 2009 Direct and Counter-cyclical Payment Program (DCP). There are no “person” determinations nor is there a restriction on the number of entities through which an individual may hold an interest that also receive payment.
- The “person” rules do not apply
- Permitted entity rules do not apply
- Payments will be limited by direct attribution of payments. Under attribution, the payment limitation is applied by crediting individuals and entities with both the amount of payments they receive directly and also the amount they are considered to have received indirectly by holding an interest in an entity receiving payment.

Average AGI limitations for 2009 payment eligibility apply to both individuals and entities and vary by program. The requirements are as follows:

For commodity and price support programs, if the individual or entity has:

- Non-farm AGI greater than \$500,000, the individual or entity is not eligible for DCP or price support benefits.
- Farm AGI greater than \$750,000, the individual or entity is not eligible for direct payments under DCP.

For conservation programs, if the individual or entity has:

- Total AGI greater than \$1 million, the individual or entity is not eligible unless 2/3’s of the income is derived from farming, ranching, and forestry operations.
- Non-farm AGI greater than \$1 million, the individual or entity is not eligible for conservation program benefits.

State or local government, political subdivisions, or agencies within Montana are ineligible for commodity or disaster program payments except if the land owned is used for the support of public schools. Payments are limited to \$500,000 collectively.

Through the 2008 Farm Bill, the Secretary of Agriculture will publicize regulations describing the circumstances, such as the settlement of an estate, that allow issuing program payments in the name of a deceased individual. At least twice each year social security numbers of individual program payees will be reconciled with the Social Security Administration to determine if the individuals are alive.

The definition of average AGI derived from farming, ranching and forestry operations is being expanded to

include income and benefits from the production of all types of livestock and products produced or derived from livestock, the production of farm-based renewable energy, the processing, packing, storing, shedding, and transporting of farm, ranch, and forestry commodities, including renewable energy, and any activity related to farming, ranching, or forestry, as determined by the Secretary of Agriculture.

Log on to the Montana FSA website at <http://www.fsa.usda.gov/mt> for further information regarding program updates within the 2008 Farm Bill.

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